

INTERNAL CONTROL QUESTIONNAIRE (ICQ) OVERVIEW

The firm must demonstrate through the ICQ, a fundamental understanding of the Federal Acquisition Regulations (FAR). MoDOT auditors will gain an understanding of your firm's accounting practices through a Risk Based Assessment, which will provide reasonable assurance that the documents contain no material misstatements, identifies potential improvements to the firm's accounting practices while still maintaining an audit process that is both effective and efficient.

The Risk-Based Assessment includes but is not limited to the review of the firms:

- Accounting, timekeeping, bonus & IT policies and procedures
- Control environment of the accounting system
- Ability of the firm to demonstrate fundamental FAR knowledge
- The firm's ability to segregate direct and indirect cost
- Proper allocation of labor cost to direct and indirect costs such as:
 - Timekeeping entry, adjustments, and approvals
 - Uncompensated overtime for salaried employees
 - Compensation
 - Base salary
 - Bonus
 - Pension
 - Health/life insurance
 - Auto allowance
 - Deferred comp
 - Long-term insurance
 - Stock options
 - Distribution of Profits
- The firm's ability to identify and remove unallowable costs to included but not limited to:
 - Travel & Meals
 - Employee welfare
 - Outside Services
 - Legal & Professional Fees
 - Rent/Lease costs
 - Marketing/Advertising
 - Depreciation – Section 179 & Bonus Depreciation is unallowed
 - [List of Common Unallowable Costs](#)